
Iowa Legislative Services Agency Fiscal Services

Dennis Prouty
(515) 281-5279
FAX 281-8027



State Capitol
Des Moines, IA 50319
November 1, 2007

Iowa Farmer's Market Programs

ISSUE

This *Issue Review* is an overview of Iowa farmer's markets and related nutrition programs.

AFFECTED AGENCIES

Department of Agriculture and Land Stewardship
Department of Elder Affairs
Department of Human Services
Department of Inspections and Appeals
Iowa State University

CODE AUTHORITY

Section 137F.8, Code of Iowa

BACKGROUND

A farmer's market is where producers of locally-grown fruits and vegetables sell produce directly to customers. Other related products sold at a farmer's market include baked goods, meat products, jams, honey, flowers, crafts, and Iowa wines.

A vendor that sells food that is required to be temperature controlled must purchase a license from the Department of Inspections and Appeals for each county where the vendor participates at a farmer's market. The license is \$100 per year and can be used for any farmer's market located in the county. The vendors are also inspected several times during the season.

The United States Department of Agriculture (USDA) identifies the major benefits of a farmer's market as:

- Farmers have direct market access and can supplement their income.
- Consumers can interact directly with the farmer.
- Communities benefit from the availability of fresh produce and having an event that brings customers to the area to boost the economy.

The USDA reports there are approximately 4,400 farmer's markets in the United States. Iowa ranks fifth in the nation as detailed in the table below, which shows the top five states based on the number of markets in the nation.

State	# of Farmer's Markets
California	497
New York	283
Wisconsin	192
Pennsylvania	186
Iowa	177
Nationwide Total	4,400

NUTRITION PROGRAMS

Iowa farmer's markets participate in two federal nutritional programs that include the Women's, Infants and Children's (WIC) Farmer's Market Nutrition Program and the Senior Farmer's Market Nutrition Program.

The WIC Farmer's Market Nutrition Program was established in July 1992, by the federal government to provide fresh, nutritious, and locally-grown fruits and vegetables to WIC participants. This Program is associated with the Special Supplemental Nutrition Program for WIC that provides food, health care referrals, and nutrition education to low-income pregnant, breastfeeding, and non-breastfeeding postpartum women, and to infants and children up to five years of age who are determined to be at nutritional risk. Participants are issued farmer's market coupons in addition to regular WIC food benefits. The participant gives the coupon to the farmer's market vendor to purchase fresh, unprepared fruits, vegetables, and herbs. Vendors in the Program are approved by the DALS and funding is from federal USDA and State funds. The Program is administered by the DALS in cooperation with Iowa Department of Public Health and local WIC agencies.

The Senior Farmer's Market Nutrition Program provides benefits to low-income seniors who are at least 60-years-old and have household incomes of not more than 185% of the federal poverty income guidelines. Participants are issued farmer's market coupons that are given to the farmer's market vendor to purchase fresh, unprepared fruits, vegetables, and herbs. The Program has vendors approved by the DALS and receives funding from the State, federal USDA funds, and the Commodity Credit Corporation. The Program is administered by the DALS in cooperation with the Iowa Department of Elder Affairs and the Area Agencies on Aging.

Persons participating in the federal Food Assistance Program, formerly known as the Food Stamps Program, receive benefits on an Electronic Benefit Transfer (EBT) card that is similar to a credit or debit card. The EBT card allows the recipient to authorize the transfer of their government benefits from a federal account to a retailer account to pay for food products. The card can now be used to purchase fresh fruits and vegetables from participating farmer's market vendors.

The Iowa Department of Human Services (DHS) and the Iowa Farm Bureau began a pilot project in 2005 to test the use of electronic benefit transfer (EBT) point-of-sale (POS) equipment with 10 vendors selling produce in Des Moines, Red Oak, and Marshalltown. The project included the use of wireless, hand-held, POS devices that accepted EBT cards and credit cards from Visa and MasterCard.

At the beginning of the 2006 farmer's market season, the project was expanded to include 67 vendors in Bettendorf, Cedar Rapids, Clarinda, Council Bluffs, Davenport, Des Moines Downtown, Des Moines Drake, Marshalltown, Mason City, and Sioux City. Currently, there are 160 vendors using the POS equipment.

Currently, there are no costs to the farmer for using the wireless POS device. A company called Total Merchant Sales donated the POS equipment used for the pilot project. The DHS pays the monthly transaction and statement fees and the Iowa Farm Bureau pays for the commercial transaction fees. For FY 2006, the DHS paid \$18,000 in fees for EBT transactions at Iowa farmer's markets.

Due to the pilot project's expansion from 2005 to 2006, a National Farmer's Market Conference was held in Des Moines during September 2006. Attendees from 35 states received information on Iowa's pilot project and other information related to farmer's markets. The project received three national awards, including the Pinnacle Award from the USDA in 2006 and 2007 and the Project of the Year Award by the National EBT Council in 2007.

BUDGET IMPACT

For FY 2007, the DALS received a total of \$775,000 for the Farmer's Market Program, including \$543,000 in federal funds and \$225,000 from the General Fund, and a total of \$482,000 for the Senior Farmer's Market Program, including \$405,000 in federal funds and \$77,000 from the General Fund.

ADDITIONAL INFORMATION

Additional information on the Report and nutrition programs discussed in this *Issue Review* may be accessed at the following web sites:

"Consumers, Vendors, and the Economic Importance of Iowa Farmer's Markets: An Economic Impact Survey Analysis", Dr. Daniel Otto, Department of Economics, Iowa State University, Theresa Varner, Graduate Student, Iowa State University, March 2005:

http://www.leopold.iastate.edu/research/marketing_files/markets_rfswg.pdf.

WIC Farmer's Market Nutrition Program: <http://www.fns.usda.gov/wic/FMNP/FMNPfags.htm>.

Senior Farmer's Market Nutrition Program:

<http://www.fns.usda.gov/wic/SeniorFMNP/SeniorFMNPoverview.htm>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

Farmer's Market Economic Impact Information

2004 Sales:

Industry	Direct	Indirect	Induced	Total
Agriculture	\$ 12,440,000	\$ 775,690	\$ 76,647	\$ 13,292,337
Mining	0	1,159	132	1,291
Utilities	0	208,145	178,158	386,303
Construction	0	81,143	48,276	129,419
Manufacturing	0	590,836	622,314	1,213,150
Transportation	0	744,731	559,575	1,304,306
Retail	7,610,000	76,169	987,844	8,674,013
Information Services	0	173,539	186,281	359,820
Finance, Insurance, Real Estate	0	872,800	1,005,441	1,878,241
Professional Services	0	417,374	1,660,580	2,077,954
Other Services	0	126,538	785,622	912,160
Government	0	180,595	1,098,128	1,278,723
Total	<u>\$ 20,050,000</u>	<u>\$ 4,248,719</u>	<u>\$ 7,208,998</u>	<u>\$ 31,507,717</u>

2004 Income:

Industry	Direct	Indirect	Induced	Total
Agriculture	\$ 4,818,841	\$ 440,896	\$ 9,687	\$ 5,269,424
Mining	0	380	45	425
Utilities	0	45,008	37,071	82,079
Construction	0	37,899	20,147	58,046
Manufacturing	0	153,209	115,550	268,759
Transportation	0	313,316	227,787	541,103
Retail	3,541,135	34,953	448,798	4,024,886
Information Services	0	48,347	49,266	97,613
Finance, Insurance, Real Estate	0	179,169	246,167	425,336
Professional Services	0	217,708	854,906	1,072,614
Other Services	0	42,476	281,736	324,212
Government	0	27,722	25,048	52,770
Total	<u>\$ 8,359,976</u>	<u>\$ 1,541,083</u>	<u>\$ 2,316,208</u>	<u>\$ 12,217,267</u>

2004 Jobs:

Industry	Direct	Indirect	Induced	Total
Agriculture	135.0	22.7	0.7	158.4
Mining	0.0	0.0	0.0	0.0
Utilities	0.0	0.5	0.4	0.9
Construction	0.0	1.1	0.6	1.7
Manufacturing	0.0	3.5	2.7	6.2
Transportation	0.0	7.4	5.2	12.6
Retail	189.9	1.7	22.2	213.8
Information Services	0.0	1.2	1.2	2.4
Finance, Insurance, Real Estate	0.0	7.0	7.5	14.5
Professional Services	0.0	7.0	28.8	35.8
Other Services	0.0	2.3	21.1	23.4
Government	0.0	0.6	0.6	1.2
Total	<u>324.9</u>	<u>55.0</u>	<u>91.0</u>	<u>470.9</u>

Source: Iowa State University